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C O N F I D E N T I A L SECTION 01 OF 02 SAN SALVADOR 001261

SIPDIS

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SUBJECT: IBERO-AMERICAN SUMMIT CONCLUDES WITH LITTLE FANFARE

Classified By: The Ambassador, for reasons 1.4 (b) and (d)

¶1. (C) Summary: Ibero-American heads of state and government gathered in San Salvador October 29-31 for the eighteenth Ibero-American Summit. The intended focus of the session, youth and development issues, took a backseat to economic concerns. The summit culminated with the signing of the Declaration of El Salvador (which was not signed by El Salvador), which called for measures to combat the global financial crisis and better provide for the future of youth in the respective countries. Venezuelan President Hugo Chavez opted to not attend the summit, which contributed to the lack of fanfare, and also to the lack of overt anti-American statements and activities. The Salvadorans did an admirable job organizing the summit. End Summary.

Global Economic Issues

¶2. (C) Ibero-American heads of state and government reached consensus October 30 to call for restructuring international financial institutions, including the World Bank and IMF, but efforts by some (Ecuador, Honduras, Nicaragua, Cuba, Bolivia, and Argentina) to declare capitalism a "failed model" were not successful. Representatives signed October 31 a special communique on the world financial crisis. Included in the document were plans to take measures to protect employment and investment, guarantee financing for profitable activities, increase liquidity to finance development, and promote social policies that benefit the most vulnerable sectors. The participants will seek to establish "instruments of prevention," and find a solution to combat future crises, as well as guarantee effective regulation of capital markets.

¶3. (C) Ecuador's President Correa called for creation of a Latin American monetary system; the proposal seems to have fallen flat. Spain sought and received support from the group for its inclusion in the G-20, though its participation in the November 15 summit in Washington is still not assured.

¶4. (C) Participants also touched on the theme of oil. Brazil reached an agreement with Cuba to purchase rights to explore and drill for oil in Cuban waters in the Gulf of Mexico. President Lula left the event early to travel to Cuba to give high-level publicity to this deal. Ecuador's Correa proposed analyzing ways to reward non-oil producing countries for avoiding the use of hydrocarbons, as a way to promote the development of alternative fuels.

Side Issues

¶5. (SBU) Summit participants:

- Condemned the U.S. embargo of Cuba.
- Condemned the October 30 ETA attack on the University

- of Navarra in Pamplona, Spain.
- Implored other countries to not criminalize migration, and agreed to strive toward comprehensive migration reform after the U.S. elections.
 - Pledged to find thorough internal development strategies to combat poverty and guarantee access to health care and quality education.

Youth and Development

¶7. C) Youth and development issues, the headline for the Summit, were largely relegated to the background, though an official declaration on these issues was signed and approved October 31. The Declaration of El Salvador calls for the governments involved to strive for better employment opportunities for youth, and provide more and better education, as well as more technological resources to "bridge the digital gap." The declaration includes 41 commitments relating to youth. Host El Salvador itself did not sign because the GOES found inconsistencies with its own constitution on abortion and children's rights.

Explosive Potential Unrealized

¶8. (C) A "Popular Youth Forum" at El Salvador's National University proceeded without incident. The organizers decided to hold the closing ceremony October 30 at the Holiday Inn (several hundred meters from Embassy San Salvador) and booked the facilities in the name of Simon

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Bolivar. Fears of overflow and out-of-control crowds were not realized (as were hopes and fears of an appearance by Venezuela's Chavez). The event went off with little attention, in part due to the (left-wing) FMLN's withdrawal of support.

Side Meetings

¶9. (C) We learned from the Panamanian delegation that they had met with both Salvadoran presidential candidates, and had discussed both political and business opportunities and projects. President Saca hosted Chilean President Bachelet for a State visit at the conclusion of the summit, and signed commercial and other agreements. President Bachelet announced that Chile would have observer status in the Central American regional security organization (SICA). Spain and El Salvador signed a small educational exchange program. Local media and elites were all over the Spanish royal family, who shared the social pages spotlight with performers Shakira, Alejandro Rodriguez, and Fher Olvera.

Comment

¶10. (C) The Salvadoran government was delighted with the way the summit turned out. Foreign Minister Argueta and Deputy Calix had feared a spectacle on par with last year's summit in Chile, and told us they were very pleased to have avoided that potential ordeal. The GOES handled security, protocol, and overall organization in a responsible, professional manner, earning plaudits from the entire diplomatic corps. The FMLN, realizing the damage it could do to its election campaign, divorced itself as much as possible from the left-wing heads of state who appeared at the summit. Presidential candidate Mauricio Funes had planned to leave the country for the meetings, in apparent fear of association with Chavez. In the end, he stayed, but kept a low profile. Venezuelan monetary support for the FMLN campaign is one of (center-right, pro-U.S.) ARENA's largest points of contention

with the FMLN in the campaign.

¶11. (C) Comment continued: Because of the non-controversial aspect of this summit, and the immediately following U.S. election, the event passed very quickly to the category of "yesterday's news." The overall civility of the leaders in their dealings with each other was one of the summit's most salient positives. Even the unremarkable comments by almost every leader about international financial problems were not as vitriolic as they could have been. The consensus view, recapitulated by Presidents Saca and Bachelet at their State dinner on Friday evening (October 31) was that "unregulated, casino capitalism" was to blame, with the solution being more national government, and even international oversight of financial markets.

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